

Pragati

Rs 100 US\$ 7

April 2010

The Indian
National Interest
Review



Stationed at the ends of the Earth

WINNING BY OUT-GOVERNING
CHINA DOES CHANGE
NUCLEAR-PROTECTED TERRORISM
MANAGING AGEING
PARTY REFORMS

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Highlights

8 Research at the ends of the Earth

An update on India's polar research programmes

Rasik Ravindra

39 China can change and China does change

Understanding capitalism with Chinese characteristics

V Anantha Nageswaran

Perspective

3 Winning by out-governing India counter-insurgency strategy must focus on governance reform

Michael Spacek

6 The New Bihar Nitish Kumar must eschew politics of personality and strengthen institutions

Rohit Pradhan

12 Peacekeeping: India's chance to lead Why India should redefine the future of UN peacekeeping

Richard Gowan

17 Nuclear protected terrorism The future of India-Pakistan rivalry

Vikash Yadav & Conrad Barwa

20 India should extend its role in Afghanistan The world can ill-afford a Taliban triumph

Abbas Daiyar

27 Governing political parties Why it is necessary and why it is a challenge

Ravikiran Rao

33 The political management of ageing Themes for social security reform

Mukul G Asher and Amarendu Nandy

Roundup

15 General opinions Senior military officers must be allowed to speak on their own behalf

Madhavi Bhasin

30 The political fallout of the battle of the sexes The women's reservations bill is a very bad idea

Barun Mitra

Books

42 Beyond the Chicken's Neck Addressing the crisis of India's North East

Subir Bhaumik

Briefs

11 Filter *Ravi Gopalan*

23 Alif *Rohan Joshi*

24 Infographic *Dibyjo Haldar*

25 In Parliament Interim Update: Budget Session 2010

M R Madhavan

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Pragati (ISSN 0973-8460) is available for free download at <http://pragati.nationalinterest.in/>.

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Printed and distributed by
Quill Media Pvt. Ltd.
Design by
360 Studio Red



Winning by out-governing

India counter-insurgency strategy must
focus on governance reform

internal security

Now that India's co-ordinated anti-Naxalite strategy (widely referred to as Operation Green Hunt) is in full swing, New Delhi has committed itself to a major push against the insurgents. Envisioned as a cross-state, sustained counter-insurgency drive, 'Green Hunt' is, in rhetoric at least, holistic. The goal is to defeat the Naxalites militarily while also facilitating economic and social improvement in the states where they have a significant presence.

While the development component of the operation is vague, the government has given some indication of how much money it plans on spending. During a Supreme Court hearing in February of this year, the centre stated that it would disburse approximately Rs 7,300 crore (\$1.6 billion) to those states participating in the security operation.

However, all is not well. Green Hunt has been the target of vigorous and sustained criticism from many representatives of civil society. In particular, the anti-Naxalite push has been attacked for being little more than a brutal assault on civilians by a government determined to re-establish its writ in large parts of its hinterland.

Others, more sympathetic to New Delhi and supportive of the police action, have argued that little planning or funding has gone into the post-conflict development phase. These critics argue that unless the conditions that sustain insurgency in India's tribal belt are also fought any military victory will be short-lived.

The claim that economic under-development in central and eastern India's tribal belt has led to the rise of Naxalites has become an unchallenged

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Photo: Pradeep Dadsena

truism. The ‘backwardness’ and poverty of the adivasis (tribals) in places such as Chhattisgarh and Jharkhand is so acute that the Naxalite ‘option’ is, for some, the only option. There are few livelihood alternatives. The solution is, according to this argument, massive investment and development which will provide access to jobs and give people a stake in India.

This misses the point. The problem is not under-development. It is a lack of effective and democratic governance. It is not incidental that during the past decade Naxalites have had the most successes in adivasi districts. In central and eastern India, there is a clear correlation between below-average social and economic indicators and the adivasi populations. As a result the Naxalites have—as part of a broader set of ideological and tactical commitments—pursued an active tribal strategy that has alternated between terrorising the local population and providing pro-tribal governance policies.

The adivasi are by no means monolithically—or even broadly—supportive of the Naxalites. However, the rebels have cultivated a political support base among the tribals. By strategically inserting themselves into struggles over issues such as the tendu leaf collection, the Naxalites have presented themselves as an alternative to the state. However, the violence that the rebels have

unleashed upon the tribal belt far overshadows any positive contribution that some of their strategies have made.

One of the striking things about the Naxalite heartland is that little has changed there since the colonial era. The state continues to interact with the adivasi as if they were a troublesome subject population. Little has been done for empowering the local population as citizens of a modern and democratic state. Rather than being represented by nurses and teachers, the state has made its presence felt through government agencies such as the Indian Forest Service and the Central Industrial Security Force.

For the British, the adivasi posed problems of governance and control. They could not easily be integrated into the larger colonial economy and were a security problem that needed to be ‘tamed’. As a strategy of ‘taming’ the local population, the British implemented both the Criminal Tribes and Indian Forest acts. They proscribed entire groups, restricting individual and collective mobility and economic rights. The second effectively stripped the adivasi of the right to forest usage by designating large swathes of India’s tribal heartland as reserved land held in trust by the state.

While the Criminal Tribes Act was abolished shortly after independence, its legacies haunt the

present. Democratic India continues to interact with tribal populations through institutions of repression that enforce the criminalisation of traditional life through deeply flawed legislation such as the Indian Forest Act.

Less concretely, the legacies of colonialism have created a situation where the practices of governing the adivasi have neither facilitated capitalism nor preserved traditional ways of life. The adivasi have been stripped of their capacity to function as a pre-modern society without being given the tools needed to succeed in a modern, democratic India. It is the worst of both worlds and has given the Naxalites nearly ideal social tools to cultivate an insurgency.

This is why a conventional development-based counter-insurgency strategy is bound to fail. It is based on a false premise. Large scale investment has been flowing into the tribal belt for decades. In fact, the presence of industrial and mining companies has provided the Naxalites with a steady source of income through extortion.

Take the example of Jharkhand. The state holds 40 percent of India's precious minerals and the state government has signed over a hundred MoUs with industrial and mining companies in the past few years, translating to roughly Rs 467,240 crore (\$102 billion) in investment. This is not an insignificant sum, not least for areas populated largely by adivasis. Rather than being a welcome development, increased investment has led to intensified struggles against land acquisitions.

Estimates suggest that while three-quarters of the people displaced by development in the state are adivasis, they are given only one-fourth of the jobs created. The reason is evident. While the governance structures of India since the colonial period have effectively prevented the adivasis from exploiting the forests, there has been little provision of the educational and social infrastructure needed to provide people the ability to succeed in a modern economy.

New Delhi's counter-insurgency strategy is rooted in a flawed assumption—development in the eastern and central tribal heartlands will help eradicate adivasi poverty and destroy the Naxalite's support base. Neither is likely to happen. Without a radical overhaul of the area's governance structure, development will do little more than accelerate dislocation and deepen alienation. What India needs to do is provide greater autonomy to the adivasis and improved social infrastructure in the Naxalite heartland. While recent developments such as Forest Rights Act, granting formal land titles to adivasis, are signs that things may be changing, so far it has been

Without a radical overhaul of the governance structure, development will do little more than accelerate dislocation and deepen alienation.

a case of too little too late. The adivasi themselves must be given an increased role and say in both forest management and investment.

This is the fatal flaw of Green Hunt. It is rooted in the two approaches that have always coloured the state's interaction with the adivasis: repression and top-down development. The Naxalites are able to articulate an alternative vision. Theirs represents a complete rejection of a framework that has done little more than breed poverty and alienation in the tribal heartland. The only way that the government can demonstrate the poverty of the Naxalite vision is by giving the adivasis a real stake in the governance of democratic India. ■

The New Bihar

Nitish Kumar must eschew politics of personality and strengthen institutions

ROHIT PRADHAN

Is the sick man of India finally on the way to being resuscitated? The signs are definitely there. Recent newspaper headlines blazed a claim which a few years ago would have been considered an April Fool's joke: Bihar's growth rate has exceeded all states in India save Gujarat. Notwithstanding the dispute over the statistical integrity of Bihar's growth figures, what is undeniable is that Nitish Kumar has changed the conversation on Bihar. A state that had become the laughingstock of the nation—as much due to its economic failings as to the antics of its leaders—is finally being taken seriously.

Unsurprisingly, Mr Kumar is the currently the darling of the Delhi-based media and the chatterati, credited with turning around a moribund state administration. Mr Kumar's administrative acumen is contrasted with that of Lalu Prasad Yadav, his predecessor. Indeed, in perhaps the greatest tribute to the chief minister, Mr Yadav, who routinely dismissed the need for development when in power, now claims that his rival fails on the metric he so proudly rejected. How real and sustainable the transformation in Bihar is may be open to dispute—yet, the fact that Bihar is now part of a positive national discourse is a remarkable achievement of the Nitish Kumar government.

But the incessant focus on Mr Kumar and his metamorphosis as the face of New Bihar brings into sharp focus the dangers of personality driven politics. Now, Indian politics has always been dominated by larger-than-life personalities, and the importance of transformational leadership has been recognised in almost every sphere of human endeavour. Nevertheless,

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Photo: Rahul Kumar

revolutions driven solely by personalities of their leaders tend to fizzle out. In the context of Bihar, one needs to look no further than Mr Yadav to understand this.

Mr Yadav's takeover in Bihar was an important step in empowerment of other backward classes (OBCs) in the state's complex polity. As he routinely argued, he offered them *izzat* (self-respect or dignity), which a caste-ridden feudal society had denied them for centuries. Mr Yadav, unfortunately, never moved beyond mere platitudes. Comfortable in his cocoon, and ignoring the voices of reason that pointed out that the burden of his disdain for governance was disproportionately borne by the very poor whose interests he ostensibly championed, he left the people who voted for him in a worse condition than he had found them in. While he was too busy entertaining the press with earthy sound bites, Bihar degenerated into a state where Ambedkar's warning about the "grammar of anarchy" found its fullest expression.

As *Tehelka* argues in a recent cover story, Mr Kumar is beginning to be driven by the same sense of self-righteousness. Whether it is his increasing reliance on politics of caste mobilisation or the recent rumbles in his own party over accusations of dictatorial politics and the prospect of political revolt, it appears that Mr Kumar, buoyed by a worshipful media and recent electoral

success is ensconced in his own cocoon. Messianic halo has an unsettling tendency to arrive unannounced. And if the history of Indian politics is any guide, men far greater than Mr Kumar have succumbed to it. Perhaps, the most serious manifestation of Mr Kumar's hubris is his marked reluctance to act against the Naxalite threat ravaging much of the region. Considering that Naxalites have thrived by operating across state borders, Mr Kumar's deliberate inaction and his naïve belief in the politics of healing is dangerous for India's national security interests.

Mr Kumar's leadership in Bihar deserves to be widely praised. Yet, his job has just begun, and there is a long way to go before Bihar can be considered developed even in comparison to other Indian states. The conversation over Mr Kumar and Bihar needs to move to a more mature discourse which is forthcoming with its praise but not afraid of offering constructive criticism. Civil society needs to remember the lessons from past fiascos resulting from putting too much faith in personalities. No one man can be a state's saviour—certainly not in a democracy where continuance in power simply cannot be guaranteed.

More importantly, it is essential that Mr Kumar

Continued on Page 14

Research at the ends of the Earth

An update on India's polar research programmes

RASIK RAVINDRA

More than sixty national organisations, universities and laboratories are associated with India's Antarctic programme, which is coordinated by National Centre for Antarctic & Ocean Research located at Goa. India has launched 29 expeditions to the continent since 1981. The first Indian station, *Dakshin Gangotri*, operated from 1983-84 to 1989-90. The station had to be abandoned as it got buried due to excessive snow accumulation. The second Indian station, *Maitri*, was built in the Schirmacher Oasis (an ice-free mountainous area) in 1988. *Maitri* has been housing expedition members since then, apart from being the Base Camp for expeditions to the further reaches of eastern Antarctica.

Scientific interest

An area of approximately 20,000 sq km has been geologically mapped. The work has been published in the form of three thematic maps on the Schirmacher Oases, Wohlthat Mountains and Muhlighoffmann Mountains. Long-term glaciological studies are going on, where scientists collect snow accumulation-ablation data, monitor the snouts of glacial tongues and collect data on the ice dynamic from the continental ice sheet south of Schirmacher. Monitoring of a glacier snout (*Dakshin Gangotri*), since 1983, has shown a significant recession of 6.5 to 7 metres per decade. This possibly indicates warming effects on this part of the Antarctic coast. The area under observation has been recently extended (by 8 km) to cover the continental ice margin on either side of the snout. During the 2005-06 expedition, several new initiatives were launched in this region. These include an attempt

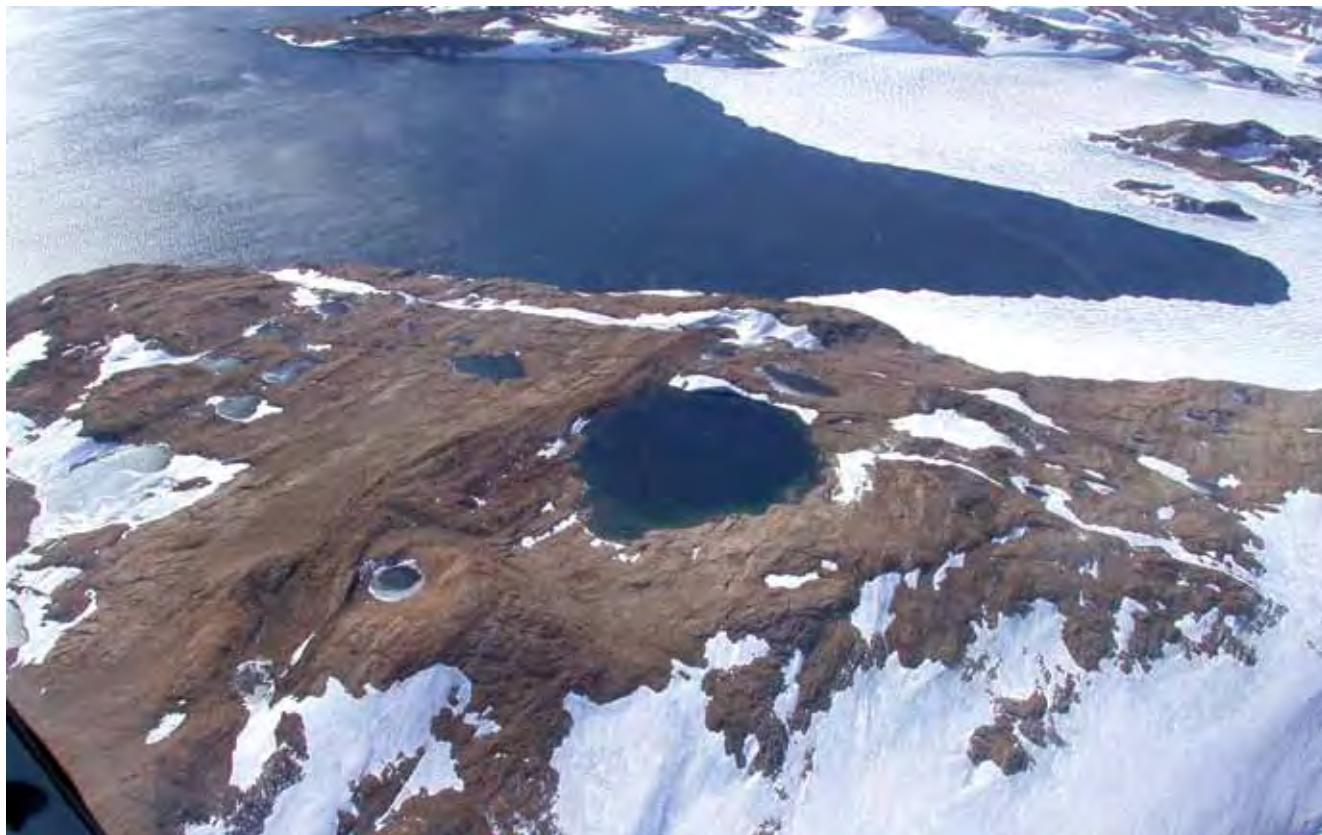


Photo: NCAOR

to understand the bedrock topography and sub-surface characteristics of ice using a ground penetrating radar (GPR) device. GPR profiling has provided the much needed scientific information on the sub-surface ice here, which enabled the ice core drilling in the next two years.

The Antarctic ice sheet contains a record of the history of life and environment on earth for the last thousands of years. Ice cores recovered from polar ice sheets offer the best proxies for reconstructing past climatic conditions. Given this and the lack of data from the central Dronning Maud Land (cDML), India has made a foray into Antarctic ice core research by carrying out shallow drilling. India's first Ice Core Laboratory was set up at the NCAOR for the exclusive archival, processing and analysis of ice cores in January 2005.

The drilling programme, a collaboration between the NCAOR and Geological Survey of India has progressed well. Ice cores of 65m, 75m and 55m have been retrieved from the continental ice and ice-shelf respectively. Also, numerous surface snow samples have been collected to study modern environmental signatures. The major ion analysis of the ice core from the cDML region in Antarctica has confirmed several historic volcanic events including Krakatau (1883), Tambora (1815), Unknown (1809) and Huaynaputina (1600).

Studies have also revealed that tephra accreted during the Agung (1963) and Krakatau (1883) eruptions harboured microbial cells, suggesting that volcanic ash particles could provide a significant micro-niche for microbes and nanobes in the accreted ice. High-resolution studies on the stable isotopes of oxygen and hydrogen from an ice core recovered from the cDML were used to understand environmental variations in this region. These studies received widespread acceptance among the international community, and linked to multinational initiatives.

The ice dynamics study by a GPS campaign has revealed the rate of movement of the ice sheet. It has also suggested that the distribution of velocity can be spatially correlated with topography, subsurface undulations, fractures/crevasses (coinciding with high velocities) and the influence of the blockage of Schirmacher Oasis. The general trend of low velocities is primarily attributed to the fact that ice sheet is located in a region of exposed nunataks which extend along the ice-shelf grounding line.

Microbiology is another upcoming field of research in Antarctica where Indian scientists are working on cold adaptive microbes, mosses and lichens and have mapped the biodiversity here. The Indian team has discovered 25 new species unknown to this area

before. The therapeutic use of some of the microbes is under study.

Research on human physiology and psychological impact on expedition members is significant for the cause of science and operations at the programme, as well as to develop data for use in similar cases in defence and allied operations.

A new station in the Antarctic

To expand the scope of research, and to include a larger area under study, the Indian government has planned to establish a new permanent station in Antarctica. Extensive reconnaissance of the eastern part of the Antarctica was undertaken by a special task force constituted for this purpose. The team shortlisted a rocky promontory between Quilty Bay and Thala Fjord in the central part of the Larsemann Hills as a prospective site.

Subsequently, special teams were sent during the 2005 and 2006 expeditions to initiate collection of baseline environmental data at the proposed site for a Comprehensive Environmental Evaluation (CEE) and to facilitate planning of the station infrastructure. A special expedition was mounted on-board the RV Boris Petrov during early 2006 to undertake multi-beam bathymetric surveys along the planned approach of the expedition vessel to the Larsemann Hills area. It also carried out meteorological and oceanographic observations at and around the site of the new station as a part of the feasibility studies.

Large scale topographical mapping of the region at 1:5000 scales was completed. In tandem, the initial planning, design and development of the research station in the Larsemann Hills area commenced at NCAOR in 2004. The Antarctic Treaty Consultative Meeting (ATCM) endorsed India's draft CEE in April 2007. The station building activities have since commenced with the transportation of heavy construction machinery to the site. An approach road from the sea edge to the station site was constructed in the Austral summer of 2009. The new station is expected to be commissioned in 2012.

An Arctic presence

The Indian Arctic research initiative coincides with the ongoing International Polar Year (IPY), which is seen

as one of the biggest scientific congregation of nations devoting time, energy and resources to contribute to the understanding of poles and their relevance to the world at large. NCAOR launched India's first Arctic expedition in August 2007 and established a research Station, *Himadri*, in 2008 at Ny Alesund, in the Spitsbergen Island of the Svalbard archipelago to undertake studies on topics of interests in collaboration with the Svalbard Science Forum, Ny-Alesund Science Management Committee and Norwegian Polar Research Institute.

Indian scientists have varied interests in atmospheric, biological and glaciological sciences in Arctic. Atmospheric studies so far have focused on simultaneous and continuous measurements of atmospheric electrical field, conductivity and the size distribution of atmospheric aerosols to understand the global electric circuit and solar-terrestrial relationships.

To expand the research and study a larger area, the India is establishing a new permanent station in Antarctica.

Aerosol measurements have been specifically targeted to study the source of Arctic summer aerosols, their concentrations and the processes of the new aerosol particle generation in the Arctic regions. Biological investigations aim to study micro-organisms that thrive in different environments to define the lower temperature limits for life. Geologically, Svalbard Island provides a unique place to study the landforms given rise to by glaciers, rivers and neo-tectonic activities. Palaeo-climatic studies from the exposed sections and sediments cores are expected to throw significant light on the changing pattern of the climate in recent past. Markers have been put to monitor the movement of a prominent glacier and attempts will be made to map the glacier with GPR to obtain the ice core up to the base of the glacier. ■

Takshashila's Af-Pak round-table

In a round-table discussion on Afghanistan organised by The Takshashila Institution, it emerged that although New Delhi viewed the US presence as ideal to its own security calculus, it had little leverage in ensuring a continued presence. Washington's and New Delhi's interests in Afghanistan were mostly related to the security angle and the economic angle—in terms of Central Asian gas reserves—was less prominent.

New Delhi draws a strong distinction between re-integration of the Taliban—socio-economic accommodation of the foot-soldiers—which it is in favour of; against reconciliation—a political role for the Taliban leadership in Kabul—which it is against. In the wake of the targeting of Indian personnel in Afghanistan, New Delhi is unlikely to quit, but also unlikely to scale up its security presence. It is considering expanding its current economic assistance programme to include micro-finance in partnership with Bangladesh.

The is a catch

BHARAT VERMA, editor of the *Indian Defence Review* paints a pessimistic picture of an Asia in 2020 engulfed by authoritarian regimes such as Islamic fundamentalists, communist dictatorships, military junta and non-state actors who would then redraw international boundaries. In an article, "Unprepared and Unwilling", he states that the situation was a Catch-22 with neither the West nor India could prevail without each other's assistance, and calls for India to provide boots on the ground in Af-Pak in exchange for a change in US focus towards Islamabad. Otherwise India would be faced with a simultaneous threat on two-fronts and an internal insurgency.

Two to tango

NIKOLAS GVOSDEV of the US Naval War College posits that although the US intelligence community have agreed that multipolarity would be the future, Washington policymakers have not made

the strategic choices necessary to guarantee continued US global leadership, such as wooing emerging powers such as Brazil and India that were not currently aligned either with the Euro-Atlantic West or with China. In an article in *World Politics Review*, "Shaping the Multipolar World", he questions the prevailing assumption that at the end of the day, such powers would automatically align with US interests absent a US effort to nurture the relationship.

Dial 311 for deterrence

JAMES WOOD FORSYTH, B CHANCE SALTZMAN and GARY SCHAUB JR discuss the diminishing returns with nuclear weapons and assert that a small, secure nuclear force had the effect of 'sanctuarising' the states that possess them.

In an article for the *Strategic Studies Quarterly*, "Remembrance of Things Past The Enduring Value of Nuclear Weapons", they argue that the United States could have nuclear security with a small force of only 311 nuclear weapons in their force structure while continuing to maintain stable deterrence irrespective of the behaviour of competitors such as Russia or China. They also express scepticism over the practicality of a nuclear zero arguing that nuclear weapons socialise statesmen to the dangers of adventurism and constrained their behaviour resulting in a relationship tempered by caution despite the rhetoric of the leaders.

India's strategic role against global jihad

WALID PHARES, Director of the Future Terrorism Project at the Foundation for the Defense of Democracies states the global salafist jihadi network would continue to expand, co-ordinate and assist each other against their foes most of whom were constrained by a lack of similar co-operation against jihadi terror as well as confusion regarding separatist conflicts which were often construed as resistance movements and not terrorism. In a speech to the Asian Security Conference 2010 at New Delhi, "The Future of Terrorism: Jihadi threat in the Indian Subcontinent", he proposed

internationalisation of the counter-jihadi strategy where India could play a significant part in integrating the resources of democracies in the region and eventually of all jihadi-targeted countries.

SCO comes of age

DAVID SPEEDIE, director of the Global Engagement Program at the Carnegie Council states that the Shanghai Cooperation Organization (SCO) could no longer be dismissed as a sub-regional force given its toehold in Central Asia and potential to exert influence over 20 percent of the world's proven oil reserves and 40 percent of natural gas resources. In a Carnegie Council article, "Good Neighbours? The Shanghai Co-operation Organisation" he concedes that a potential inclusion of Iran in the SCO would result in the organisation being seen as an anti-American alliance and echo NATO's eastward expansion in the 90s and calls for increasing NATO's engagement with the SCO.

Liberal bloc

MARK LEONARD, director of the European Council on Foreign Relations states that Beijing's diplomacy could be characterised as defensive multilateralism, where it joined international organisations such as the UN and the WTO to protect its own interests rather than to support the broader goals of those institutions. This approach has been relatively successful in changing the global order and reducing international pressure on states such as North Korea, Myanmar and Iran.

In an op-ed in the *Süddeutsche Zeitung*, "How to deal with a more assertive China?", he calls for a more assertive Western approach that would preserve the liberal bias in the international system with the EU and the US acting in concert to break up illiberal international coalitions and focus on integrating states such as India, Indonesia, South Africa and Brazil into the liberal bloc.

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Peacekeeping: India's chance to lead

Why India should redefine the future of UN peacekeeping

RICHARD GOWAN

Are Chinese peacekeepers more interesting than Indian ones? Many Western security analysts seem to think so. China has just over 2,000 soldiers and police serving in United Nations operations. India has nearly 9,000. Yet while there is a steady flow of American and European think-tank reports with titles like China's Expanding Role in Peacekeeping—mostly praising it—very little is written about India's far larger contribution to the UN.

New Delhi's policy-makers should pause to ask why. Over the last decade, Indian forces have been on the frontline in many of the UN's hardest missions, from Sierra Leone to the Congo. In the same period, China has gone from hardly engaging in peacekeeping at all to deploying engineers, medics and policemen—a useful but still limited offering.

Beijing has nonetheless presented it as proof that it is a responsible power. When China organised a conference on peacekeeping in 2009, the *Financial Times* rather breathlessly reported it as an “unprecedented” initiative to “shape the future” of UN operations.

Having spent a happy hour under the protection of Chinese policemen in Haiti, this author has no complaints—but it's clear that China is getting a lot of kudos at little cost.

By contrast, India's engagement with UN peacekeeping has seemed rather tortured of late. Some of its units have been dogged by accusations of corruption. At the UN headquarters in New York, Indian diplomats repeatedly spar with their Western counterparts over how missions are run. Last year, there were credible rumours that India was threatening to

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Photo: Julien Harneis

cut back its peacekeepers unless it got more command positions.

The net result is that, if China looks like a responsible power thanks to its engagement in peacekeeping, India doesn't get the same pay-off. It is natural that some commentators—like *Pragati's* Nitin Pai—think it is time for India to cut its losses and begin a “graduated withdrawal of all its troops operating under the UN flag.” But this would be a mistake.

India should take a leaf from China's great power playbook. It should not service UN missions for their own sake. Nor should it tie its involvement to limited rewards like senior posts in UN missions—such things are nice to have, but aren't the currency of great power politics. Instead, India should use its investment in the UN as the basis to stake its leadership as a driver of new thinking about peacekeeping in a multipolar world.

Since its spectacular failures in the 1990s, UN peacekeeping has regained credibility as a useful tool for dealing with what are—to be frank—second-order strategic problems. It has become the standard mechanism for stabilising small-to-medium size weak states (like Haiti, Timor-Leste and Liberia) or tackling large-scale crises in places where nobody else will

go (like Darfur and the eastern Congo). But the Blue Helmets have not gone to first-order trouble spots like Afghanistan and Iraq. They'd struggle if they did, thanks to the UN's unwieldy logistics structures and highly variable quality of forces.

Yet the alternatives have not proved incredibly effective either. President George W Bush's coalition of the willing crumbled in Iraq. NATO has stumbled awfully in Afghanistan, and its largest European members are set to shrink their military budgets drastically. In Washington, serious security thinkers are wondering if the UN could help fill the gap.

One of those thinkers is President Barack Obama. “The more effective UN peacekeeping forces are in handling civil wars and sectarian conflicts,” he wrote well before entering the White House, “the less policing we have to do in areas that we'd like to see stabilised.”

Although distracted by Afghanistan, his administration has followed up on this insight, launching an inter-agency process to review how the United States can do more to help the UN. This has gained new urgency after the Haitian earthquake, as American marines and Brazilian UN forces have scrambled to maintain order together—and largely succeeded.

Looking ahead, some policy wonks wonder whether a UN force could take on duties from NATO in Afghanistan after a peace-deal between President Hamid Karzai and his foes. Others think that is operationally and politically unfeasible—but if it did come off, it would make the UN suddenly far more relevant to both US and Indian national security policy.

So there is a strategic opening for new thinking

India should use its investment in the UN as the basis to stake its leadership as a driver of new thinking about peacekeeping in a multipolar world.

about UN peacekeeping works. Over the last year, there has been a small host of initiatives to come up with new ideas on the topic in New York. The UN secretariat published a respectable but far from radical paper. Britain, France and Japan have had things to say. There's been helpful tinkering with the rules for mandating operations. But there has certainly been no Eureka moment.

One reason for this is that Western governments, scared of paying the costs for any reforms, are not open

to expensive new proposals. The other is that none of the UN's politically weighty force contributors (China included) have offered a new vision to galvanise the debate. India has been a conservative voice, questioning even minor reforms.

That is a pity for India as well as the UN. If New Delhi laid out fresh ideas for future UN operations—where they should go, when they should use force, how they should be commanded and so forth—it would be taken as a positive sign of India's growing global clout.

Talking about these ideas at the UN would not be enough: a great way to kill a good idea for UN reform is to introduce it in New York alone. India could convene a high-level discussion of peacekeeping in New Delhi involving senior defence and foreign affairs officials from the top military players in peacekeeping plus the UN, NATO and EU.

This could act as "Peacekeepers' G20", creating momentum for improved co-operation—although without undermining the UN's authority over specific mandates and missions.

Alternatively, India could propose co-hosting such an event with the US administration in Washington—a useful show of harmony, given US-Indian differences on other multilateral issues like trade and climate change. With luck (and some good public relations work) the press might well call this another "unprecedented" initiative to "shape the future" of UN operations. And on this occasion, the journalists might just be right. ■

The New Bihar. Continued from Page 7

set into motion the process of long term institutional reforms so that Bihar's journey is no longer held captive by caprices and whims of its leaders. Instead of appearing to make himself indispensable, the greatest contribution Mr Kumar can make to Bihar's regeneration to make himself incidental to the process. Mr Kumar must also remember that he has hitherto benefited from low expectations of the people of Bihar. But if the Nitish revolution rolls on, expectations will increase dramatically and he will be required to provide much more than the minimal level of governance. At that stage, providing the tools for his people to compete in the economy of new India, and creating economic opportunities—not merely by government schemes—by unshackling the

latent entrepreneurial spirit of Bihar will be imperative for him. If he wins the assembly elections scheduled for November 2010 then that should be Mr Kumar's agenda for next five years.

Close parallels can be drawn between Mr Kumar and P Chidambaram who took over the dysfunctional Union home ministry after the disastrous tenure of Shivraj Patil. Widely praised for his stewardship of the home ministry, Mr Chidambaram in a recent interview stressed the importance of institutional reforms and endorsed enthusiastically the idea of a more process-driven national security apparatus instead of overt reliance on personalities. That is a model Mr Kumar needs to adopt. ■

General opinions

Senior military officers must be allowed to speak on their own behalf

defence policy

General Deepak Kapoor's statement that India is reworking its war doctrine to meet the possible challenge of a two-front war raised apprehensions in Rawalpindi and Beijing. Though reactions from China were muted, Pakistan objected to the blatant 'provocation'. However, the real addressee of General Kapoor's remarks was New Delhi rather than Rawalpindi or Beijing. The Indian military is neither authorised to, nor has demonstrated any inclination for, delineating national security strategy for the international audience; it can at best communicate suggestions to the Government of India.

In a closed door seminar at the Army Training Command in Shimla on December 29, 2009, General Kapoor is reported to have stated that India could take on Pakistan and China simultaneously and "bring [war] to a satisfactory conclusion in 96 hours", and even suggested that a "limited war under a nuclear overhang" was possible in South Asia. The Pakistani Foreign Office issued a statement declaring that the Indian army chief's remarks "betray a hostile intent as well as a hegemonic and jingoistic mindset" that was out of touch with present-day realities.

Contrary to reflexive reactions, General Kapoor neither enunciated a 'new doctrine' nor 'revised' any existing doctrine; he simply articulated the Cold Start strategy, announced in April 2004. In early 2002, Indian troops were mobilised against Pakistan for its support to the terrorist attack on the Indian parliament in December 2001. This mobilisation, Operation Parakram, in 2002 was followed from the Sundarji doctrine pursued by India since 1981. Under the Sundarji doctrine, the strike corps (offensive forces) were stationed in Mathura, Ambala

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and Bhopal and the holding corps (defensive forces) were deployed at the border. This implied that in event of an attack on Pakistan, the strike forces had to be mobilised through long distances. The Sundarji doctrine not only deprived the Indian military operation of an element of surprise but also forced the country to abandon an offensive strike under international pressure. As a corrective for the deficiencies of the Sundarji doctrine, the army unveiled the Cold Start doctrine in 2004.

The Cold Start doctrine seeks to make the deployment less predictable by taking the onus of attack away from the strike corps and placing it partially on the forward deployed “holding” corps of the army. These holding corps incorporate eight smaller division-sized Integrated Battle Groups (IBGs) that combine mechanised infantry, artillery and armour. The drawing point of the doctrine was swiftness of deployment and tactical operations. The IBGs could be mobilised almost immediately and are trained to conduct limited offensive operations. The objective is to make significant territorial gains before the international community can intervene and at the same time, restrain operations in a manner that will deny Pakistan the opportunity to employ nuclear weapons. Thus it was considered possible to have a limited war with Pakistan; a war that did not involve use of nuclear weapons.

Though the feasibility of a limited war is debatable, the army continued to experiment with the Cold Start strategy. Based on it, several exercises, including the Divya Ashtra in March 2004, Vajra Shakti in May 2005, Desert Strike in November 2005, Sanghe Shakti in May 2006 and Ashwamedh in April-May 2007 have been undertaken by the Army. General Kapoor’s statement on December 29, 2009, rather than a curtain raiser for the Cold Start’ doctrine, was part of his statement at a regular ARTRAC conference.

Incidents of military coups in post-colonial states had made the Indian government apprehensive of any non-combat function of the Indian armed forces after independence. According to Subash Kapila, a strategic analyst, Jawaharlal Nehru completely sidelined the Indian armed forces from any effective participation in national security decision-making. When General K M Cariappa, India’s first Commander-in-Chief, approached Nehru with a draft defence paper, the latter responded by saying, “We don’t need a defence policy. Our policy is ahimsa...” The debacle of 1962 stimulated a wave of change in the interactions between the armed forces and civilian establishment. After 1962, the armed forces have been incrementally involved in formulating threat assessments and response strategies. But there is much to be desired.

As the late J N Dixit opined, while at the operational and professional levels the military personnel and civilian leadership has to function in different spheres, at the higher levels of policy-making this compartmentalisation should be done away with.

Some of the recent statements by the top brass of the armed forces, voicing its strategic concerns, have been seen in many quarters as a reaction to this continued compartmentalisation. General Kapoor’s in-house comment on the two-front war, neither officially acknowledged nor denied by the Army, was preceded by several instances when statements by service chiefs were widely discussed in the media. In September 2009, General Kapoor suggested that India may have to revisit its no first use policy with regard to nuclear weapons. His suggestion was based on a report by the Federation of American Scientists which stated that Pakistan’s nuclear arsenal could be as large as 70-90 warheads. Around the same time, Air Chief Marshal P V Naik, India’s air chief, admitted that India’s present aircraft strength was inadequate and merely one-third of China’s air capacity. In August 2009, navy chief Admiral Sureesh Mehta’s comments that it would be foolhardy to compare India and China as equals sparked reactions in the country’s political circles.

Is advocacy by the military—contrived or unintentional—in the public domain desirable or dangerous?

Stephen P Cohen, in his seminal work on the Indian Army asserted that India’s armed forces readily accept their apolitical role—the problem is about who precisely defines the meaning of military and political. General Kapoor’s comment on the two-front war encouraged debate on the Cold Start strategy in the public domain, but did the general cross over into the political realm in doing so? Are public statements on feasibility of strategic policy by the military fostering discussion or is it violating the segregation of military and political roles?

For fostering dialogue while avoiding mix-up of military and political, it is important to heed to K Subrahmanyam’s advice: India should cultivate the healthy practice of officers discussing defence strategies with the caveat that the views expressed are personal and not those of the service or the government. Such discussions, rather than being shunned as unwanted activism on the part of the military, should be appreciated in the light of the fact that experience and expertise of the military personnel can positively contribute to public dialogue and a well-informed national strategy. ■

Nuclear protected terrorism

The future of India-Pakistan rivalry

foreign affairs

The prospects for an end to the protracted conflict between India and Pakistan appear as remote as ever. In fact, it is likely that there will more deadly provocations in the future by terrorist groups based on Pakistani soil. In a recent op-ed article in the Wall Street Journal, C Christine Fair noted that in the future “Pakistan is likely to become more reliant, not less, on nuclear-protected jihad to secure its interests. Pakistan’s fears of India are chronic and are likely to deepen as India continues its ascent on the world stage.”

The notion of “nuclear protected jihad” is simultaneously chilling and perplexing.

The perplexing aspect of the rivalry is that Pakistan’s anxieties about India should have been alleviated once it tested nuclear weapons in 1998; thereby negating India’s conventional military superiority and achieving a level of strategic nuclear parity. However, instead of creating a “hard shell,” the possession of nuclear weapons seems to have only heightened paranoid anxieties about further dismemberment and even dispossession of its nuclear arsenal. It is as if Pakistan acquired nuclear weapons in “a fit of absent mindedness” and forgot to update its strategic posture.

There is zero possibility that India would contemplate further dismembering Pakistan. India has no incentive to risk a nuclear exchange. Evidence of India’s self-restraint over the last decade is abundant. Even spectacular attacks by militants, allegedly supported by elements linked to the Pakistani government, on India’s parliament and on its financial core have not led to war. The restrained response by the current Congress party-led

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Photo: ISPR Pakistan

coalition to the attacks in Pune, despite accusations from the BJP about being 'soft on terrorism' demonstrate the caution with which India approaches any potential slide into a conflict with Pakistan. The reason is that the fragmentation of Pakistan into a number of hostile and unstable Islamic republics is India's nightmare scenario. Decapitating the hydra only creates more problems and distractions for India's foreign policy.

Why does a nuclear armed Pakistan continue to fear India and seek parity?

The answer is that, more than any realistic fear of dismemberment, Pakistan fears India because it cannot compete economically or militarily. Of course, Pakistan and India have had a significant territorial dispute since 1947. However, the rivalry extends well beyond Kashmir. It was India's role in dismembering its rival during the 1971 civil war in Pakistan which left a permanent scar on the psyche of the Pakistani people and state. Hence, it is understandable that Pakistanis deeply distrust India. But history and territory are not the only sources of anxiety. In terms of population, Pakistan is smaller than India's largest state. India is also an industrial powerhouse in relative terms and its economy is doing extremely well by comparison.

New Delhi has managed to develop a comprehensive relationship with the United States and it is considered a responsible stakeholder in the international arena at a time when Pakistan's relations with Washington are under considerable strain and its reputation in the international community is maculate. (Moreover, the Pakistani military relies on these chronic fears to maintain its right to interfere in the public sphere. The spectre of Indian hegemony sustains the status quo distribution of power in the domestic realm and it conveniently distracts from the failures of economic progress.)

Therefore, the problem which needs to be solved to create peace in the region is one of the perennial questions in international relations: how can two competing polities reconcile to one another's shifting strength and prosperity without recourse to war. There are several models. The first model is a semi-permanent state of competition and confrontation that lasts until one power collapses from the economic burden, as in the Cold War. A second model is integration into a larger political entity, like the European Union. The third model is a scenario in which the buildup of the military and economy is so dramatic that neighbouring

states abandon any thought of strategic rivalry, as in the case of the United States in North America.

The problem for Pakistani elites is that the second and third alternatives result in Pakistan's sublation. And yet Pakistan does not have the economic resources for

Pakistan's policy of seeking military parity with India is both unrealistic and unnecessary and will have to be completely abandoned.

the first model. Pakistan's current defence spending in addition to interest payments already exceeds its annual revenue. There is a structural fiscal imbalance which means that Pakistan has to borrow money to service its debt and maintain its current level of military expenditure. This is not viable outside the short-term.

A loophole is to achieve parity by seeking the assistance of external actors. However, even this is unsustainable as Pakistan is not strategically valuable

enough to any external power to subsidise it indefinitely. And while Pakistan once calculated that inviting major powers into the region redounded to its economic and military advantage, it is now seeing the downside risks that results from accepting massive US support.

Pakistan's sponsorship of cross-border terrorism in India, and Afghanistan are attempts to delay India's ascent. Unfortunately, it can slow down but not stop the inevitable. Illegitimate and wasteful policies will continue unless Pakistani elites can formulate a solution that either allows them to compete with India, or accommodates India's emergence as a global power. The former option is not realistic in the current global economy. The latter is domestically unpalatable and will be very difficult for certain state institutions to accept.

Ultimately, however, the Pakistani policy of seeking military parity with India will have to be completely abandoned. The policy is both unrealistic and unnecessary. With the acquisition of nuclear weapons, Pakistan's territorial integrity is secure. Pakistan's armed forces are certainly more than sufficient in size to deter direct forms of coercion. Retaining the fantasy of military parity with a much larger and more dynamic neighbour only undermines democracy, fuels regional insecurity, and invites major powers to interfere in the region. ■

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India should extend its role in Afghanistan

The world can ill-afford a Taliban triumph

ABBAS DAIYAR

After the third major attack against Indian nationals in Afghanistan by terrorists on February 26th, 2010, India's National Security Advisor Shiv Shankar Menon visited Kabul to review the security environment for Indians in Afghanistan. His security assessment considered various options, which included beefing-up security for the 4,000 Indian nationals working on development projects, in the Indian Embassy and the four consulates.

On March 3rd, Sayed Ansari, spokesman for Afghanistan's National Directorate of Security (NDS) revealed that investigations have found the Lashkar-e-Taiba was behind the February 26th suicide attack that killed 16, including six Indians. He said that the attackers, speaking Urdu, were searching for Indian nationals among other foreigners. Clearly, the attack was particularly aimed at Indians. LeT terrorists used to be trained in terrorist camps in Afghanistan during the anti-Soviet resistance and later during the Taliban rule in the 1990s. There are many Taliban-trained LeT commanders and fighters who are familiar with Afghanistan's geography. However, without the logistics and intelligence support from the Taliban's Haqqani network, LeT is incapable of carrying such attacks in Kabul. Prior to this, there have been two major attacks on the Indian Embassy in Kabul where diplomats and security guards have been killed. Obviously, terrorists and their sponsors want to put a stop to the much-felicitated Indian contribution towards reconstruction and development of a war-torn Afghanistan.

Kabul has seen a rush of foreign visits after the London Conference looking to decide the end-course of the war in Afghanistan. Dutch troops

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Photo: Rob Bakker

will leave Afghanistan in 2010 with Canada following suit in 2011. There is increasing public pressure on other NATO-member governments to move their troops out of Afghanistan. NATO has no plans to replace the Canadian and Dutch troops, although these contingents hold the very important insurgency-hit provinces of Kandahar and Uruzgan respectively.

Many analysts have suggested that President Obama wants the withdrawal of US troops from Afghanistan to start by the time he bids for a second term in the White House. For the United States to withdraw from Afghanistan 'victoriously', it must engineer something to make the situation look favourable for that withdrawal. The military offensive in the Helmand province of Afghanistan will be followed by another similar operation in Kandahar to weaken the Taliban and force them on to the negotiating table.

Mr Obama is actually following Pakistani military establishment's policy towards Taliban which labels those fighting against Pakistani forces as "terrorists" while the ones fighting in Afghanistan as "strategic assets". The Obama administration is also beating the drums of negotiations and reconciliation with the so-called moderate Taliban and supporting amnesty for top Taliban leaders. This is the same Taliban leadership had not only

provided safe havens to the al-Qaeda masterminds of 9/11, but also committed genocidal war crimes in Afghanistan during their rule. It seems that Washington is going to set aside human rights violations and war crimes of the Taliban leadership in its quest for an honourable exit. Even so, where is the guarantee that the Taliban will not provide safe havens to global terrorists once again?

It is this scenario of an unstable post-American Afghanistan that New Delhi, as Washington's strategic partner, should use all its influence to prevent the United States, United Kingdom and other NATO states from withdrawing before ensuring the stability of the region. The bloody insurgency in the frontline of the war on terror—Afghanistan—may have secured the western countries, but it has destabilised South Asia and the Middle East. Condoleezza Rice, former US secretary of state, had postulated that the United States made a serious mistake by forgetting Afghanistan after Soviet withdrawal. A premature withdrawal now—before Afghan national security forces acquire sufficient capacity—would be similarly disastrous for Afghanistan and its neighbours like India. The jihadi terrorists involved against America and NATO troops in Afghanistan would take a "strategic turn" against India once the western troops exit Afghanistan. The ideological

jihadis, the suicide bombers and the lower, middle and higher-level leadership of Taliban are highly motivated and committed ideologically. The “reconciliation programme” does not focus on an ideological solution to terrorism in Afghanistan.

Although New Delhi has raised its concerns over the proposed reconciliation with the Taliban, India appears to have come around to the view that the United States has no option to get out of the mess in Afghanistan other than through the reconciliation programme. This being so, it is extremely important for India to define a role for itself in this new process. New Delhi has shown an interest in training Afghan National Army and Police, a proposal fiercely opposed by Pakistan.

During his visit to Islamabad on March 10th, President Hamid Karzai offered to buy weapons and ammunition from Pakistan and didn’t reject the Pakistani offer to train Afghan security forces. It would have been far better for Mr Karzai to tell Pakistan that if it wishes to train Afghan security forces, it should not have any “deep concerns” on Afghanistan’s strategic partner, India also doing the same.

Pakistan must realise that it has been hit hard by the terrorism that flows from Afghanistan. Though Pakistani intelligence agencies still have huge influence on the jihadi groups based in Pakistan and Afghanistan, they are not in full control of these jihadi groups. Terrorists like Ilyas Kashmiri, who once fought Indian forces with the support of ISI, are now training suicide bombers being used against the Pakistani armed forces. It is in the best interests of Pakistan now to cooperate and collaborate with others for greater stability and prosperity of the region.

There have been suggestions that New Delhi must send troops to fight insurgents in Afghanistan, but that it fears that such a move would further turn the attention of global terrorists and their host—the Taliban—towards India. In contrast, there have been reports in the Indian media that New Delhi might prune the strength of its Kabul embassy and its consulate staff. If so, it would

be an easy victory for terrorists. New Delhi should instead bolster the security of Indian nationals rather than reducing the pace and extend of its development projects.

With a track record of successful counter-insurgency operations in various parts of India, New Delhi should further offer Kabul training for the Afghan security forces. Besides the economic and development support worth \$1.2 billion, India should extend its assistance to strengthen democratic institutions in an incipient democracy like Afghanistan. In addition, India should also extend its involvement in Afghanistan beyond economic and development projects to reaching out to all communities and power centres, particularly the important minority ethnic groups in that country.

The insurgency in Afghanistan may have secured western countries, but it has destabilised South Asia and the Middle East.

Ordinary Afghans are grateful for the Indian contribution towards rebuilding their country. India is the most-visited country by Afghans in the last eight years and most Afghan TV channels run Indian serials throughout the day. A recent poll by BBC, ABC and ARD confirmed that the foreign country for which the highest percentage of Afghans hold a favourable view was indeed India.

The enormous economic and development contribution of India has earned the country goodwill of millions of Afghans. If New Delhi reduces its significant role in Afghanistan, it would be a victory for the terrorists—one that the world, and India in particular, can ill-afford. ■

Dear interlocutor

Pakistan's *Jang* carried an editorial on Saudi Foreign Minister Prince Saud al-Faisal's call for Pakistan's politicians to unite against terrorism after meeting Prime Minister Manmohan Singh. Referring to Saudi Arabia as a "close friend" of Pakistan, it pointed out the military and financial support the Kingdom provided Pakistan during its wars in 1965 and 1971. However, the editorial argues that it is India, not Pakistan, that has impeded progress on bilateral issues. As an example, it points out efforts made under Benazir Bhutto's leadership to resolve the Kashmir issue, which ended with what the editorial suggests was India's demand for Pakistan to surrender Pakistan Occupied Kashmir (PoK) to India. The editorial draws attention to Shashi Tharoor's recent statements, and goes on to suggest that Pakistan would be delighted for its close friend, Saudi Arabia, to play a meaningful role in resolving India-Pakistan disputes.

Obama's pre-occupations come at a cost

Saudi Arabia's *Dar al-Hayat* carried an article suggesting that President Obama's preoccupation with Afghanistan, Pakistan and "Islamic terrorism" has led to the US losing ground to Russia in India. It said that the strategic importance of India cannot be understated---with its economy, democratic values and large population proficient in English---it would have been an ideal partner for the United States. But the economic crisis has reinforced the importance of China on the global stage and put India-US relations on the back burner. The article argues that contentious issues such as agreements on reprocessing nuclear fuel and the nuclear liability bill might be further US's ability to participate in the Indian energy sector, where its competitors---France and Russia, seem to have no issues. The article suggests, other countries, such as Russia, are keen to foster better relations with India. The article

points to the series of defence agreements signed between India and Russia this past week, including the *Admiral Gorshkov* aircraft carrier deal (worth \$2.5 billion), several upgraded MiG-29 combat aircraft and deals on energy trade.

Human development, what's that?

Addressing the memorial of Hameed Nizami, founder of the *Nawa-i-Waqt*, Lt Gen (ret'd) Hamid Gul, argued that only an Islamic revolution could cure the world's problems. However, he cautioned that this revolution need not be violent. Gen Gul argued that for Pakistan to become a strong state, it required *jamhuriyat* (democracy), *jihad* and *johiri salahateen* (nuclear power). He further suggested that Western influence in Afghanistan was in decline and that India was attempting to establish dialogue with the Taliban through the good offices of Saudi Arabia.

Unsatisfactory state

In Egypt's *as-Shaab*, Magdi Ahmed Hussain writes an open letter to President Barack Obama on Iraq and Gaza. The author argues that US's occupation of Iraq is incompatible with the new political engagement with the Arab world promised by Mr Obama. Mr Hussain highlights critical errors committed by the US president in his engagement with the Islamic world. On Iraq, Mr Hussain argues that Mr Obama's promise of withdrawing troops within 18 months did not amount to much, given the additional 50,000 troops being retained in Iraq for purposes of training. In Afghanistan and Pakistan, the author argues, the US has pressured the Pakistani Army to take action in Swat, but launched a campaign of drone attacks inside Pakistan. In Gaza, he argues that Israel's siege of half a million civilians cannot be tolerated; the author believes that lifting the siege will be the true test of US intentions in the Arab World.

General change

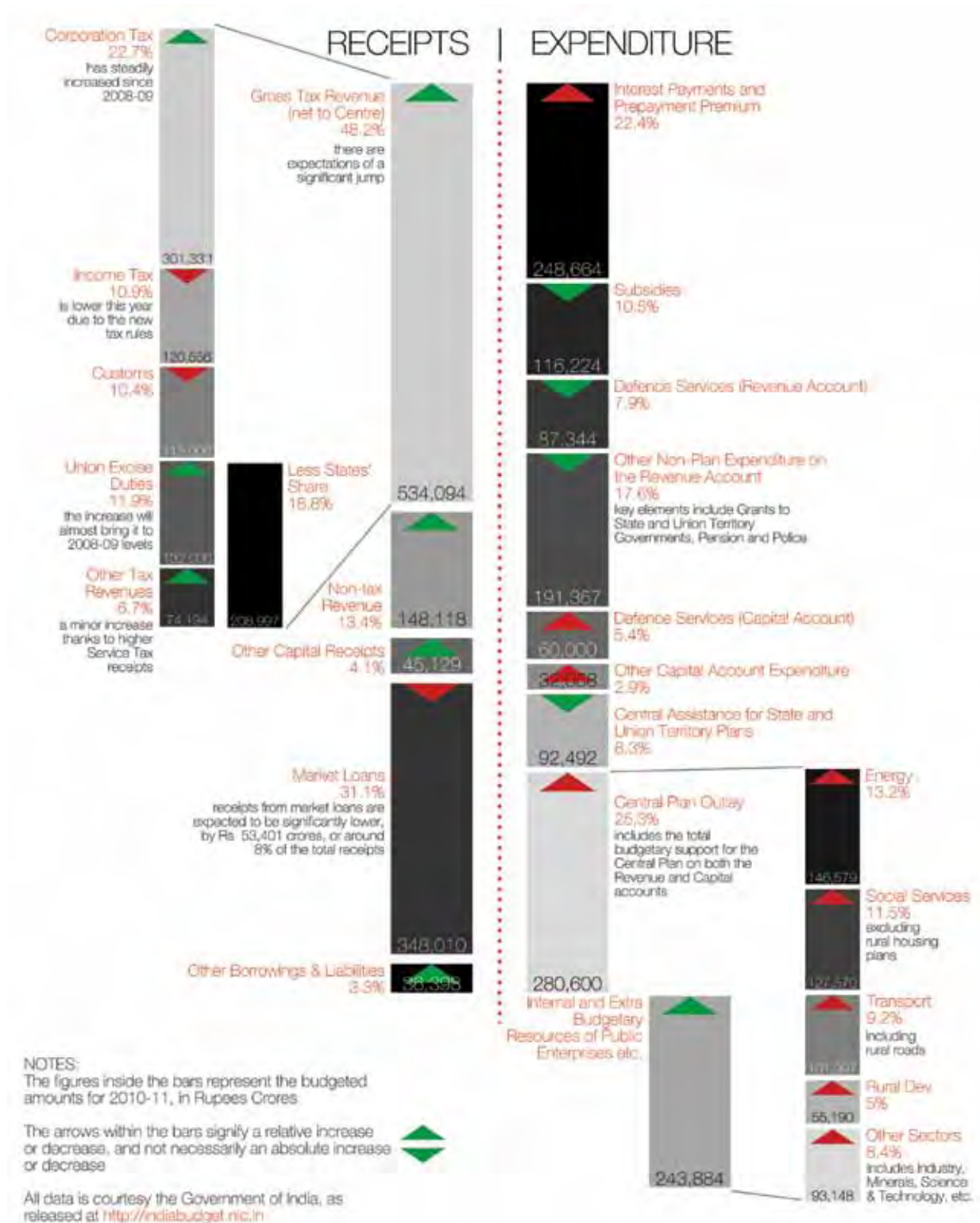
Writing for the *Jang*, Nusrat Mirza opines on the recent offer from Prime Minister Yousaf Raza Gilani to extend the tenure of Chief of Army Staff, General Ashfaq Pervez Kayani, which was to expire in November 2010, by a year. Ms Mirza argues that the offer was as a result of the rapport Gen Kayani enjoys with Generals David Petraeus and Stanley McChrystal. She suggests that this offer will put the Gilani faction of the PPP at odds with the Zardari faction, which dislikes Gen Kayani and favours others including Gen Mustafa Khan. The author argues that it is for this reason that Gen Kayani's extension may not be a done deal. Other candidates for the position of Chief of Army Staff include Lt Gen Khalid Shameem Wyne (XII Corps Quetta), Lt Gen Khalid Zia (AG, GHQ), Lt Gen Shujaat Zameer Dar (Chairman, Pakistan Ordinance Factories) and Lt Gen Nadeem Taj (ex DG-ISI and XXX Corps, Gujranwala)

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Balance Sheet

DIBYO HALDAR

A closer look at the consolidated account of India as outlined in the Union Budget 2010



In Parliament

Intermission Update: Budget Session 2010

briefing

The Budget Session of Parliament has started on a slow note. The first part of the session (February 22 - March 16) saw several interruptions as MPs raised the issues of inflation, hike in fuel prices, the women's reservation bill, and the cash garland for Uttar Pradesh Chief Minister Mayawati. Lok Sabha and Rajya Sabha worked for 57 percent and 73 percent of the scheduled time respectively.

The Government has planned to introduce 63 bills and pass 27 bills this session (other than those related to the budget). At the mid-session recess, six bills were introduced and one was passed. We discuss some of the bills on the agenda.

The women's reservation bill has been passed by Rajya Sabha. The schedule as well as support for the bill in Lok Sabha is not clear. Though leaders from the Congress, BJP and Left parties have indicated that their parties will vote for the bill, press reports indicate that several MPs from these parties have dissenting views. This episode once again brings up the issue of the whip and the no-confidence motion, discussed in *In Parliament* last month: should MPs whose views diverge from the official party line have the freedom to vote their conscience?

In the Lok Sabha, the government circulated a bill that limits civil liability in case of an incident in a nuclear power facility. The Leader of the Opposition indicated to the Speaker that she would like to oppose the introduction of the bill; the Speaker then informed the House that the government has deferred the introduction. The bill has three main features. First, it identifies the operator of a facility as the sole person liable for any

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damage due to a nuclear incident. Any other entity—including the supplier of the equipment or fuel—would not be directly liable; the operator would have recourse to such entity if it has a written agreement to that effect. Second, the limit on operator's liability would be Rs 500 crore (\$110 million). The maximum liability out of any nuclear incident would be SDR 300 million (which is about Rs 2100 crore/\$460 million at current exchange rates), with the Union government being liable for any amount above Rs 500 crore up to this limit. Two exception conditions—grave natural disaster, and armed conflict, civil war, insurrection or terrorism—place the entire liability on the government. Third, the bill sets up a structure and process for determining claims.

The objections to the bill centre on two key features: one that it absolves suppliers, and the other that it limits liability. Interestingly, all the three main international conventions—Paris 1960, Vienna 1963 and Convention on Supplementary Compensation 1997—have similar features. Most national laws have similar provisions making the operator solely liable—the intent is that there is one person for claiming compensation. Liability limits vary. For example, the United States has a pool funded by the nuclear power industry, which is currently about USD 10 billion. Total liability is unlimited but the liability of any operator is up to this limit; the federal government carries the residual liability.

Several bills, pending for a long time, have been listed for consideration and passing. The seeds bill regulates the manufacture, distribution and sale of seeds but has a controversial provision that requires inter-farmer sale of seeds to adhere to certain minimum quality norms. The Representation of People Act is sought to be amended to permit voting rights for non-resident Indian citizens. The Life Insurance Corporation Act and Insurance Act are to be amended to raise minimum capital and to increase the limit for foreign investment in insurance companies to 49 percent of capital. Two constitutional amendment bills seek to raise the minimum representation of women in panchayats and municipalities to 50 percent from 33 percent. The companies bill that replaces the current 1956 Act is also listed.

Some of the bills listed for introduction have seen much public debate. In the financial sector, the pension bill (setting up a regulator), banking bill (acquisitions of banks) and State Bank of India bill (reducing minimum government holding from 55 percent to 51 percent) had lapsed at the time of dissolution of the last Lok Sabha,

and are to be re-introduced. The Armed Forces Special Powers Act is to be amended “in order to make it more humane”. A biotechnology regulatory authority is being established: given the controversy surrounding the Bt Brinjal issue, this bill will likely see some interesting debate. The land acquisition and the rehabilitation and resettlement bills are to be re-introduced. Also listed is the judicial standards and accountability bill which seeks to make public the assets of judges, and amends the process of taking disciplinary action and removing judges found guilty of misconduct. Another bill seeks to protect whistleblowers.

Three bills relate to the print and electronic media. The copyright amendment bill addresses copyright issues in digital form and concerns of physically disabled persons (audio books etc). The Prasar Bharati Act and the Press and Registration of Books and Publications Act are also being amended—the details have not been released.

The education ministry plans to amend the right to education bill to address the issue of disabled children. On the higher education front, the ministry has a long list of bills. The foreign university bill seeks to permit and regulate foreign universities. An earlier version was circulated in mid-2007 but that was not introduced on opposition from the Left parties. It would be interesting to see whether the regulatory requirements on autonomy of functioning and quotas in admission differ from that for Indian universities, both public and private. It would also be interesting to compare the provisions with that of the innovation universities bill that seeks to set up world standard universities. Other bills include one to establish eight new IITs, one to recognise IISER in the NIT Act, one to prohibit unfair practices in technical and medical educational institutions (details are not known but this is likely to be on banning capitation fees), one to amend the reservations in central universities, and one to establish tribunals to settle disputes arising in higher education. A new engineers bill is proposed “to regulate the practice of the engineering profession”.

The second part of the session (19 sittings from April 12-May 7) has a packed agenda. The finance bill and the demand for grants of various ministries have to be discussed and passed. If the original list of business is followed, 26 bills have to be passed, and 57 new bills to be introduced. It is hoped that Parliament will find the time to examine all the financial and legislative proposals of the government in an effective manner before granting its approval. ■

Governing political parties

Why it is necessary and why it is a challenge

politics

Arguably, independent India's most fateful decision was taken by the Congress parliamentary party in 1965, as they gathered to elect a new leader after Lal Bahadur Shastri's death. Their election of Indira Gandhi as their leader, enabling her to take office as Prime Minister, not only had profound consequences for the country's polity, but also resulted in the ultimate destruction of the Indian National Congress. The entity that exists today as a sort of family office that works to promote her grandchildren's interests has nothing to do with the great institution that fought for and won India its freedom.

At first glance, it appears as if the election of Indira Gandhi was an accident that could have easily gone the other way. The party then had no dearth of stalwarts who could probably have served just as well as prime minister. The reason for the choice was that the Congress, at that time, was split between the socialists and the conservatives, and both sides, rather than run the risk of having someone from the other faction in power, opted to support a supposed non-entity. It is another matter that this *goongi gudiya* (dumb doll) went on to render both factions defunct anyway.

Where does this tendency to avoid open confrontation, a penchant for unhealthy compromises come from? The problem is institutional and structural, flowing from a lack of intra-party democracy. When a decision is democratically taken, it is perceived as more legitimate. It is a more sensible alternative to civil war. In normal, unstructured, warfare, both sides live under extreme uncertainty. The losing side fears that the winners may carry out a purge and destroy them, and the winning side is afraid that the

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Photo: Kiran Jonnalagadda

losers may stage a coup and depose them. This provides an incentive to both sides to fight hard and dirty when they do have to fight, or avoid a confrontation at all costs when they are weary of it. An openly fought and won election, on the other hand, provides reassurance to both the winners and losers. The winners have a reasonable assurance that they will not be hassled for the current term, and the losers sure that they will have another chance to fight when the next election is called.

Democratic countries typically learn this lesson over decades, if not centuries. As they gradually build reliable institutions, internal strife has reduced. It is important not to overstate the importance of these institutions. Democracy is much more than just an election. It can be hardly called a democracy if the winner could do away with, or weaken, other candidates, or cancel the next election. Truly democratic countries, through law or custom, or both, keep these institutions, the building blocks of democracy, outside of “democratic” control for this very reason.

India does have the trappings of a democracy. Its democracy is considered, by common consensus, to be a qualified success. But its institutions, such as they are, have been grafted from plants that took root outside.

Does this matter? Answering this question will require us to answer the question of how much culture matters, and to understand this, we must return to the internals of Indian political parties.

The internal organisation of political parties in India is a paradox. Parties contest democratic elections, but are themselves run as fiefdoms. Party elections are rare, and when conducted, they are a sham. One could argue that this is what comes of imposing democratic institutions on an undemocratic culture. The undemocratic nature of India’s political parties probably mirrors its feudal culture more accurately than do India’s democratic institutions. Also, Indians tend to fetishise unity. The standard narrative is that it is because India was disunited that it was invaded and conquered so many times. Unfortunately, this emphasis on unity translates into an “obey the leader” ethic that kills debate and discussion, and ultimately encourages fissiparous tendencies. The fact that Indian political parties tended to follow the intellectual tradition of the revolutionary Communist parties of the Soviet bloc more than that of the parties in Western democracies, also surely matters.

But to say that a choice is cultural is not to say that it cannot be changed. Laws affect cultural change to the

same extent that culture affects the decision to enforce or obey laws. More narrowly, forcing parties to hold regular elections is just what is needed to break the bind that has been discussed above. By providing the assurance that elections will be held and thereby the assurance that they have a voice and a chance to succeed, the law will provide an incentive to party members to stay on and build the party rather than break off and form a new party at the drop of a hat.

Would such a decision be antithetical to liberty and to the right to free association? The United States

India's regulation of political parties is, like all its regulations unrealistic, inconsistent and spottily enforced.

Supreme Court had occasion to tackle this question when it chose to force the two main parties to open up their primaries to black members. It argued that the political parties in the US were so closely intertwined with the system of government that regulating their membership rules would be no different from imposing restrictions on a government entity.

India is of course under no obligation to accept the reasoning of the United States Supreme Court. Sadly

though, when India has chosen to regulate political parties, it has done so in ways that restrict democratic freedoms. Indian political parties are forced to subscribe to socialism, which is a mockery of voter choice. The anti-defection law forces members of legislatures to vote on lines dictated by their party leaders on the pain of expulsion from the legislature. It also forbids legislators from changing parties. This law has resulted in the explosion of political parties after the 90s, as petty leaders chose to form their own parties and retain the freedom to support anyone they wished rather than join a party and get locked into supporting a party boss. The women's reservation bill, in a subtle way, will do the same.

India's regulation of political parties is, like all its regulations unrealistic, inconsistent and spottily enforced. Campaign finance laws set such ridiculously low limits that they are practically impossible to stay within. Come election time, the Election Commission assumes almost dictatorial powers over the parties' conduct and also on various aspects of governance, but the rest of the time, no one even bothers to audit the books of political parties.

India will benefit from a law regulating elections in political parties that is actually enforced. Yet of the two major parties in India, one is a family-owned entity, and the other is an entity that has hierarchy embedded deeply into its DNA. The minor political parties are all feudal entities in their own way. It is these groups that need to get together to pass a law that will reduce their own power. Sadly, there is not much chance of that. ■



The political fallout of the battle of the sexes

The women's reservations bill is a very bad idea

BARUN MITRA

Symbolism plays a very important role in politics. So it was symbolic that on Monday, March 8th, 2010, the centenary of the International Women's Day, the governing UPA coalition wanted to present the country with a constitutional amendment to empower women, by reserving 33 percent of the seats for women in national and state legislatures. And it was also indicative of things to come when, at the end of the day, the law minister acknowledged that it was national day of shame, as a few unruly MPs, particularly in the Rajya Sabha, created such a ruckus that the house had to be adjourned six times without conducting much business.

The bill was adopted in the Rajya Sabha the next day, with a overwhelming majority of 186 to 1, out of a total strength of 225, with some of the opposition parties staging a walkout. The government promised to bring further amendments to the bill, and also decided to wait till after the passing of finance bill in the ongoing Budget Session of Parliament, rather than undertake the adventurous constitutional amendment immediately in the Lok Sabha. While hardly anyone is opposed to the idea of greater political participation by women, yet the political and intellectual divide over the bill can hardly be papered over. Its implementation would have grave consequences for the quality of governance and political culture in the country.

With the major political parties from the governing and opposition sides having expressed their support for the bill, the passage of this constitutional amendment should have been a simple matter. Yet it has not been a smooth sailing for this bill, illustrating the political hypocrisy



Photo: Meena Kadri

that underscores the apparent sense of unanimity that surrounds the bill.

The bill had been pending for about 14 years, and many political parties routinely vouched for it in their election manifesto over the past decade. Despite the obvious divide over this issue, there had hardly been any attempt to seriously discuss and explore the implications of this proposal, even within the political parties.

First, it shows that party leaders responsible for drafting their manifestos rarely take that document seriously enough, and therefore do not feel the need to consult even their own party candidates about the key provisions. The candidates take the cue, and focus only on winning elections, not on the policy agenda. There are major political parties that have given up preparing election manifestos altogether.

Secondly, the hollowness of the political consensus stood exposed from the fact that without the fear of disobeying the party whip and attracting the penalty of disqualification from the house under the anti-defection law, the women's reservations bill could not be passed in parliament. There was no substantive debate on any of the real clauses of the bill in the Rajya Sabha, except perfunctory commitment to gender equality.

Afghanistan and Rwanda were presented as models of women's empowerment in the India's temple of democracy.

So, the third point that emerges is that under the anti-defection law, parliamentary debate itself has become a casualty. After all, what is the purpose of a debate if under the discipline of the party whip, parliament is turned only in to a number counting chamber. Should it come as a surprise, then, that debates have been increasingly displaced by disruptions in the supreme debating chamber of the country?

Fourth, if there was genuine widespread political and social support for reservation of seats for women in legislatures, would such a constitutional amendment be necessary at all. Nothing prevents the political parties from choosing more women candidates, and nominating more women from constituencies where they have strong presence, thereby enabling more women to enter the legislatures. Parties do not give too many tickets to women because they do not see women as being able to win election on their own strength.

Fifth, it is argued that putting more women in legislatures will somehow change the status of women in the country. It is another matter that having one of the first women prime ministers in the world, in

the mid-1960s, did not really change the fortunes of most women in India. Some of the worst forms of discrimination and deprivation of women continue to take place, with not many politically active women raising their voice against the daily atrocities.

Sixth, there are women leaders like Jayalalithaa in Tamil Nadu, and Mamata Banerjee in West Bengal, Mayawati in Uttar Pradesh, who have been able to rise on their own on the political map of the country through persistence and political acumen. Others like Sushma Swaraj, Vasundhara Raje and Brinda Karat have been vocal and visible. And there is Sonia Gandhi, who despite the family name, had to struggle to revive the political fortunes of her party. None of these women needed political reservations to find their own space. So, in the name of empowering women, this bill perpetuates the belief that women cannot make it in politics on their own.

Seventh, the bill raises a fundamental question about the nature of India's representative democracy. If the reservation of constituencies for SC and STs were considered a temporary anomaly necessary to correct some historical wrongs, the reservation for a section of the population, the women, inevitably undermines the first past the post (FPTP) election system that India had adopted. The bill raises the prospect of fundamentally moving India towards a proportional representation system dividing the population on sectoral lines. The clamour for caste and minority quota within the women's quota is a logical step in that direction. This would be a fundamental change from the basic design of the constitution, and the debates in the constituent assembly, when the notion of separate electorates was debated and rejected.

Eighth, from the past political experience, it is clear that reserving seats for SC and STs did not lead to the development of authentic political leadership within those communities. Indeed, it led to the creation of a generation of leaders who were pliable and dedicated more to their parties than to the people. The leadership among some of the other historically oppressed sections of society emerged only as the newer leaders mobilised politically, and not because of any reservation, and created their own political territories.

Ninth, it is said that there is a potential political dividend by giving greater space for women, and women as a class would vote en masse for parties that support that section. This is not only vote bank politics at its worst but is completely futile. Sectional

mobilisation has rarely worked politically, and could never be sustained. There is no national constituency for women, just as there is none for men.

This of course raises the question, if the social and political context is not conducive why do we have such a demand for reservation for women in legislature.

Everyone agrees that the proposal will significantly change the political contour of India. At one stroke, by rotating the constituencies reserved for women, an enormous political churning will be triggered. Powerful political leaders, legislators who may have nurtured their constituencies seriously for years, will be undermined at a stroke. In effect this will disempower the voter, and reduce the incentive for the elected representative to be seriously concerned with the issues affecting the constituencies. This alone could be a ground for testing the constitutionality of this amendment, because it dilutes the idea of political accountability and representative democratic character, it could fall foul of the basic feature doctrine laid down by the Supreme Court.

In a system where the voters are not in a position to assess the performance of their representative, the parties have to constantly search for new candidates and where there is no inner party democracy there will be one set of beneficiaries. The proposal to reserve and rotate a third of the legislative seats for women is mainly an attempt by entrenched party leaders to hide behind the fairer sex, to further empower their own authority over the lesser members of the party in the legislature. In an era of coalition politics and fragmentation of the polity this is a misguided attempt by party leaders to keep control over their flock.

Ironically, the bill has also exposed the weakness of the political leadership in all the major parties. No one doubts that Mrs Gandhi's writ runs in the Congress party. But even she is counting on the anti-defection law to get her will enforced among her party MPs. And despite all her authority within her party, she will not find it easy to replace so many of her MPs and aspiring candidates with women of her choice, without the force of law behind her. The situation is the same within all parties, which is the main reason why entrenched party leaders are supporting this bill.

If the anti-defection law has undermined democracy within the legislative chambers, the rotational reservation for women, with its attendant political turnover, will undermine the democratic process outside. ■

The political management of ageing

Themes for social security reform

public policy

As India addresses the challenges of the twenty-first century and manages its rise globally, constructing and implementing a modern social security system represents among the major policy imperatives. A modern social security system can enable India to cushion the burden on workers in public and private organisations requiring restructuring; to increase the legitimacy of reforms required to sustain high inclusive growth; and to encourage individuals and firms to engage in entrepreneurship and make creative career choices. All three are essential for India to emerge as a resilient, knowledge-driven economy and society.

There are other reasons for urgency in undertaking social security reform.

Demographic trends

While India is currently exhibiting a favourable demographic phase, with share of working age population in total population expected to increase from 56.2 percent in 2000 to 64.4 percent in 2025. India is projected to experience a sharp increase in its elderly population from 100 million in 2010 to 330 million in 2050. This increase is due to decline in fertility and increasing life expectancy. It is anticipated that by the year 2020 India would have achieved a replacement rate fertility level of 2.15. The average Indian woman has achieved longer life expectancy than her male counterpart, and this difference is expected to increase. The resulting feminisation of the elderly will need to be incorporated in social security policies.

The sheer number of elderly would pose formidable challenges in

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Photo: Nicholas Kenrick

designing, administering, and sustaining social security schemes and programs. Even if India sustains high growth rates experienced in recent years, its per capita income by 2050 will still be relatively low. This implies that India must not only pursue policies which sustain high growth, but that distribution of income between the young and the old, and among the elderly will need to be given due weight. The social and political management of ageing will therefore acquire considerable significance.

So flexibility in meeting differing needs of the elderly, and reversibility to ensure that design or other errors in social security programmes are not too costly, acquire greater importance in the Indian context.

Fiscal consolidation and flexibility

India's combined public sector deficit exceeds 10 percent of GDP, while total public debt, mostly internal rather than external, is around 85 percent of GDP. This is not sustainable from a macroeconomic perspective. Fiscal flexibility is relevant because if a very large proportion of the expenditure is spent on items such as wages, pensions, and other current expenditure, there will be less flexibility in reallocating expenditure towards growth and social cohesion enhancing activities.

Why reform?

India's current social security system is complex. It was largely developed before the pre-1991 reforms designed to integrate India with the world economy in a market-consistent manner, and shift the state-market balance in favour of the latter. It is characterised by low coverage (at best, only about a quarter of the labour force is covered by at least one of the social security programmes) and inadequate replacement rates.

India's health care system, an integral part of the social security system, is characterised by generally low accessibility and affordability, high share of out-of-pocket health expenditure, and inability of the public-sector health care organisations to provide effective competition to private-sector providers. The transition from communicable to lifestyle disease patterns and largely unregulated and uncoordinated introduction of new technologies in the health sector are increasing the complexity of constructing adequate and efficient health care systems in India.

Integrate social sector policies with other policies

There is a strong case for viewing social security systems as an integral part of the overall economic, social, human resource management in India. This will require

a change in the mindset of provident and pension fund organisations and of labour and other ministries from short-term electoral advantage-driven welfare orientation towards greater professional-technocratic, service-provider orientation.

The need for effective management and application of the principles of pension economics and finance in social security policy-making and administration must receive much greater recognition than is the case currently. An unplanned increase in the longevity of members by one or two years, for example, could disproportionately affect the financial viability of the pension and health care schemes.

Take a systemic view

Different components of the social security system in India have evolved, over time, in isolation. As a result, there is limited coordination among different schemes, such as those for civil servants and private sector workers. For a systemic perspective, it is imperative that the Pension Fund Regulatory and Development Authority (PFRDA) Bill, which has been languishing for several years in Parliament, be passed expeditiously.

The ultimate contingent liability of nearly all social security schemes in India is on the state and, therefore, borne by taxpayers. This is illustrated by the recent press reports that Mahanagar Telephone Nigam Limited (MTNL), a public sector telecom firm, has requested the government to bear the pension costs of its employees. Many public sector financial institutions are also likely to be constrained in meeting the pension and health care promises made to their employees. Recent changes in accounting practices will require all companies to reflect their accrued pension and health care liabilities in their profit and loss accounts and balance sheets.

There is a strong case for a multi-tiered social security system under which an individual obtains retirement income not from just one scheme but from a variety of sources. This permits risk diversification for the individual and for society as a whole. A multi-tiered approach can help balance the retirement risks borne by individuals and by society, and develop a different mix of financing from taxes, contributions and other methods. Each scheme need no longer be devised to provide full retirement benefits.

In India, retirement income transfers, partly or fully financed from the budget, will be needed as one of the tiers. The extent to which this tier can be developed will depend on the fiscal capacity of the government and on the efficacy of government service delivery

systems. The existing network of strong micro-finance institutions and community organisations can be utilised to reach relatively low-income and self-employed workers, particularly women, through micro-pension products.

There are two aspects of a systemic approach to social security arrangements in India that are worth considering. The first is the need for an overall National Social Security Council (NSSC) for strategic policy direction and coherence among different components of the social security system. The second is the need for a pension regulator to ensure that the provident and pension fund organisations undertake their core functions with the requisite professionalism, and that their governance structures meet international best practices. The composition of most of the provident and pension fund boards in India, in both the public and the private sectors, reflects insufficient expertise, autonomy, transparency and accountability in their operations. This needs to be urgently addressed by NSSC and the pension regulator.

There is also a need to begin graduate-level courses in social security policy and management. The role of the National Academy of Training and Research in Social Security (NATRSS) ought to be reconsidered. The tendency of almost exclusively relying on current and retired civil servants to be faculty members and resource persons at such institutions must be urgently reviewed.

India has an opportunity to develop the pension sector as a significant component of its overall financial sector, and secure opportunities to turn the expertise to its economic advantage through the export of pension-related services.

Complementary reforms in other areas

Effective social security reform requires complementary reforms in areas such as labour markets, fiscal policies, civil service, financial and capital markets, and family policies. Thus, to financially sustain the Old Age Pension Scheme jointly undertaken by the Union and the States; and *Swavalamban* scheme announced in the 2010 budget for those joining the National Pension Scheme, will require greater urgency in fiscal consolidation and in reforming service-delivery mechanisms.

A provident fund that invests nearly all of its assets in gilts (a specialised type of investment offered by the government which pays a fixed rate of interest and is considered low-risk) and does not take advantage of

trading opportunities will forego opportunities to benefit its members by more professional portfolio management. This may lead to a reduction in national savings to the extent that such a practice weakens the government's fiscal discipline due to the availability of cheap funds. The main purpose of mandatory saving—which is to intermediate these savings into productive investments that, in turn, can up the trend rate of economic growth—is defeated. Only when this is done can pensions be regarded as fully funded.

Reform the health sector

The fourth theme concerns the health sector. The key goals should be to accessibility, affordability, managing costs, and reforming public sector health institutions to enable them to provide effective competition to private

There is a strong case for a multi-tiered social security system under which an individual obtains retirement income from a variety of sources.

and not-for-profit sectors. As with pensions, health insurance schemes need to be sustainable for a prolonged period, and exhibit tyranny of small numbers where by a seemingly minor change in parameters can significantly affect the financial viability of the scheme. The need for greater professionalism is designing health policies and managing health institutions is an imperative for India.

Professionalism

The fifth theme concerns the need for more empirical, evidence-based social security policies, particularly in pensions and health care, which require sophisticated price-discovery mechanisms. It calls for developing indigenous analytical capacities and professionals, building robust databases and establishing professional programmes relating to pensions, health policy and management, and actuarial sciences.

The citizen at the centre

Each of the above five themes is of relevance for constructing more robust, sustainable, professionally

managed and regulated social security systems in India. It is often far easier, politically, to increase the demand for pension or health care services. But, if there is no commensurate increase in supply and in the fiscal, institutional, and organisational capacities, the outcomes will be limited. Careful planning and homework is required before introducing new social security schemes or reforming existing ones.

There is a case for revamping the recruitment policies and the organisational and governance structures of major provident and pension organisations in India, such as the Employees Provident Fund Organisation and the Employees State Insurance Scheme (which is responsible for the delivery of health care services). The practice of using the provident fund of government employees to finance current expenditure must stop. India must establish sinking funds to systematically

meet the future health care and pension obligations of its public sector organisations.

India has a favourable demographic profile and the capabilities to harness this potential opportunity and make measurable progress towards its professed goal of constructing and implementing a modern social security system—one that is sustainable and covers most of the population. However, progress will not be easy. Sustained focus and efforts will be required. Moreover, pension economics literacy of the stakeholders, particularly of policy-makers and the managers and trustees of provident and pension fund organisations, will have to be substantially improved.

For substantive sustainable social security reform in India, a change in mindset from provider-producer interest dominance to consumer/citizen-centric procedures and attitudes is essential. ■





1949年10月1日
廣州解放紀念

China can change and China does change

Understanding capitalism with Chinese
characteristics

review essay

“The structural conditions for a financial crisis are abundantly present in China today. There is a weak financial system, an overvalued stock market, a deteriorating social foundation and an underdeveloped indigenous corporate sector. Compared with Southeast Asia, China is poorer and the effects of a financial crisis will be grave.”

V ANANTHA NAGESWARAN

When this ominous prediction, found on page 290 of Yasheng Huang's *Capitalism with Chinese characteristics* was read to a friend, he asked if this was not said some ten years ago. Perhaps he had Gordon C Chang's *Coming collapse of China* in mind. He said that it sounded as inevitable as death, but with the same uncertainty in predicting its arrival.

This observation is no reflection on Mr Huang's wonderful work. It merely represents the struggle that economic and social historians face in trying to fit China into familiar historical frameworks. The strength of Mr Huang's book is the tremendous amount of original work behind it. The insights are rich and useful. Subtle humour pervades. His lack of respect for reputation and willingness to name people for their misconceptions and wrong diagnoses are borne out of his commendable intellectual convictions, hard work and honesty.

He divides China's post-reform period (starting in 1979) into three periods. The first is the golden period of reforms that essentially lasted until the Tiananmen Square protests but somehow resumed and lasted until 1994. This was the period when directional liberalism was amply evident in China.

Mr Huang contrasts directional liberalism from institutional liberalism, which is what most western liberal democracies are. Chinese reformers in

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the 1980s did not go so far as to institutionalise liberal reforms in politics and economics. But the direction of change was unmistakable and the shift, soon after the end of the Cultural Revolution, was so significant and sincere that it was enough to unleash rural entrepreneurship, boost rural household income, business income and lift health and educational standards in rural China. There was liberalisation of finance as well. Rural credit and access to credit expanded. If India under Nehru experienced a slow ascent up the Marxian Mountain in the 1950's and 60's, China since 1979 was marked by a slow and steady descent from the same mountain.

In the 1990s, after the Tiananmen Square student protests, everything changed. It was state-led crony capitalism with accent on investment, foreign direct investment (FDI) and heavy state control of the economy. The power, reach and influence of State-owned Enterprises (SOEs) expanded. The indigenous private sector shrunk and capacity building stunted. China's restructuring of the SOEs was more symbolic than substantive. There might not have been private stripping of public assets as was the case in Russia but there was public stripping of private assets. China's GDP grew but people's incomes did not. Income inequality widened. Access to finance was curtailed and innovations in rural credit delivery were rolled back. In fact, illiteracy in China expanded between 2000 and 2005 as a result of the policies followed in the 1990s.

The book does not attempt a political economy explanation of the changes to the policy orientation in the 1990s and their reversal in the new millennium. In fact, Mr Huang notes that the policy platform unveiled at the Seventeenth Party Congress in 2007 was the most liberal and progressive since the Thirteenth Party Congress some twenty years earlier. The emphasis that the current leadership has placed on rural education, healthcare and rural incomes suggests that they have their priorities right again. The economic report of Premier Wen Jiabao to the National People's Congress in March 2010 repeatedly emphasises 'opening up' and grassroots democracy.

It is important to realise that, in crucial aspects, China has not followed the famed East Asian model. Mr Huang provides many examples to show that while state intervention was high in East Asia, the interventions were market conforming. Foreign direct investment

played a very small role in the export performance of East Asian nations in the 1970s and 1980s except in the case of Singapore. Mr Huang believes that the role of the state investment in China puts it closer to Latin America than to East Asia.

One similarity is that both East Asia and Latin America opted for exchange rate management, as has China. Both regions endured major crises because of this. China has avoided one so far. China has managed to keep its nominal exchange rate undervalued and real exchange rate from becoming too uncompetitive. It has not allowed labour unions and wage bargaining, as wages are a key component of costs and inflation. It has price curbs on many utilities and services. Thus, the party's grip on power, economy and society remains strong.

Command capitalism could be worse than command socialism as income and wealth inequalities under capitalism are too visible for the poor to ignore. The paradox with command capitalism is that as long as there is nominal economic growth, most of the distortions it causes would remain manageable and some may even fade away. At the same time, its persistence and spread would derail growth and much else.

Which tendency would prevail eventually is really a matter of guesswork. It is easier for historians to explain them after the fact rather than for futurologists to predict. That is why the book wisely refrains from doing so. Nonetheless, with these caveats well in place, readers would have benefited from his insights on this all-important question.

What does this book hold for India? Plenty. In fact, there are reasons to believe that the current UPA government, in office in India since 2004, has been pursuing policies that represent the worst of the 1980s and 1990s practices of China. In rural India, it is likely that the government's distributive programmes are increasing dependency rather than unleashing rural entrepreneurship. In urban India, the government is emphasizing FDI and faster GDP growth without undertaking economic liberalisation. "FDI does not put the country on a high-growth trajectory but once a country grows fast, FDI will come to the country regardless of its infrastructures" (p 268).

To achieve sustained high growth, India does not need its government to spend but to find more ways to get out of the way and be accountable for what it does and where it spends. Even the South Korean dictator Park

**Capitalism with Chinese
Characteristics:
Entrepreneurship and the State**
Cambridge University Press,
2008, 366 pages

Chung-Hee would visit his cabinet ministers to discuss goals and strategies for the upcoming year and follow up with a performance check one year later. Those who failed more than 80 per cent of the targets would be fired on the spot. He would meet business people only in large groups in which they acted as representatives of their industries than as representatives of their firms.

On governance and accountability, China of the 1980s shows the way for India and for many other

Command capitalism could be worse than command socialism inequalities under capitalism are too visible for the poor to ignore.

nations. The mayor of Wuhan not only apologised to a private entrepreneur for having wrongly arrested him but also personally delivered the court's verdict and the 600 yuan that the government had confiscated.

In Wenzhou, in a similar situation, the local government released all the imprisoned private entrepreneurs and restituted their assets for having arrested them earlier for allegedly manufacturing inferior electric transformers. Not only that, the government

published the decision in local newspapers explaining why it had erred.

The signalling effect of these two events cannot be underestimated. In Mr Huang's words:

"In an unconstrained political system, that the policymakers were willing to let peasants experiment and to trust them to come up with right solutions is nothing short of extraordinary. This political economy dynamics is the single most important feature of the decade of the 1980s. (In contrast), the Chinese authorities in the 1990s responded to the rising problems caused by financial centralisation with more financial centralisation. May be there is no such thing as an ideology-free policy approach. Being pragmatic is an ideology in and of itself".

To the extent that China has had a more recent experience of good and hands-off governance, it seems to have an edge over India. To the extent that it was able to apply the principles of *laissez faire* economics where it mattered—in agriculture, in rural China—it has also displayed original thinking in economic development compared to the statist and confused application of the principles of free-market economy in the West.

Hence, despite its cautious message, *Capitalism with Chinese characteristics* leaves the reader with the impression that, for all its faults, the Chinese leadership is capable of both original thinking and course correction. Something for existing and aspiring superpowers to think about. ■

Beyond the Chicken's Neck

Addressing the crisis of India's North East

in extenso

SUBIR BHAUMIK

In the first quarter century after independence, while the rest of the country remained oblivious to the tumult in the North East, the region and its people saw only one face of India. The young Naga, Mizo or Manipuri knew little about Mahatma Gandhi or Subhas Chandra Bose and failed to see 'the separation of the colonial from the national'. Indian independence did not matter for him or her. What these young men and women saw, year after year, was the Indian soldier, the man in the uniform, gun in hand, out to punish the enemies of India. He saw the jackboots and grew suspicious when the occasional olive branch followed. When rats destroyed the crops in the Mizo hills, leaving the tribesmen to starve, the Mizo youth took the Naga's path of armed rebellion. Far-off Delhi seemed to have no interest in the region and, like in 1962 when Nehru left Assam to 'its fate', the North East could be abandoned in the time of a major crisis.

In my generation, the situation began to change slowly, though the conflicts did not end. More and more students from the North East started joining colleges and universities in 'mainland' India, many joining all-India services or corporate bodies after that. The media and the government started paying more attention to the North East, and even a separate federal ministry was created for developing the region. Now federal government employees get liberal leave travel allowances, including two-way airfare for visiting the North East, an effort to promote tourism in the picturesque region. As market economy struck deep roots across India, Tata salt and Maruti cars reached far-off Lunglei, Moreh and even Noklak. For a generation in the North East who grew up to hate India, the big nation-state was now proving

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Photo: Kazu Ahmed

its worth as a common market and a land of opportunity.

Boys and girls from the North East won medals for India, many fought India's wars in places like Kargil, a very large number picked up Indian degrees and made a career in the heartland states or even abroad.

More significantly, the civil society of heartland India began to take much more interest in the North East, closely integrating with like-minded groups in the region, to promote peace and human rights. Jaiprakash Narain and some other Gandhians had led the way by working for the Naga Peace Mission but now the concern for the North East was spreading to the grassroots in the mainland. The fledgling Indian human rights movement, a product of the Emergency, kept reminding the guardians of the Indian state of their obligations to a region they said was theirs.

How could the government deny the people of the North East the democracy and the economic progress other Indians were enjoying? What moral right did Delhi have to impose draconian laws in the region and govern the North East through retired generals, police and

intelligence officials? How could political problems be solved only by military means? Was India perpetrating internal colonisation and promoting 'development of under-development'? These were questions that a

whole new generation of Indian intellectuals human rights activists, journalists and simple do-gooders continued to raise in courtroom battles, in the media space, even on the streets of Delhi, Calcutta

or other Indian cities. Whereas their fathers had seen and judged India only by its soldiers, a Luithui Luigam or a Sebastian Hongray were soon to meet the foot-soldiers of Indian democracy, men and women their own age with a vision of India quite different from the generation that had experienced Partition and had come to see all movements for self-determination as one great conspiracy to break up India.

In a matter of a few years, the Indian military commanders were furiously complaining that their troops were forced to fight in the North East with one hand tied behind their back. Indeed, this was not a war against a foreign enemy. When fighting one's own 'misguided brothers and sisters', the rules of combat

**Troubled Periphery:
Crisis of India's North East**
Subir Bhaumik
Sage, 2009, 305 pages

were expected to be different. Human rights violations continued to occur but resistance to them began to build up in the North East with support from elsewhere in the country, so much so that an Indian army chief, Shankar Roychoudhury, drafted human rights guidelines for his troops and declared that a 'brutalised army [is] no good as a fighting machine'.

In the last few years, the North East and the heartland have come to know each other better. Many myths and misconceptions continue to persist, but as India's democracy, regardless of its many aberrations, matures and the space for diversity and dissent increases, the unfortunate stereotypes associated with the North East are beginning to peter off slowly. The concept of one national mainstream is coming to be seen as an anathema in spite of the huge security hangover caused by terror strikes like the November 2008 assault on Bombay. The existence of one big stream, presumably the 'Ganga Maiya' (Mother Ganges), is perhaps not good enough for India to grow around it. We need the Brahmaputras as much as we need the Godavaris and the Cauveris to evolve into a civilisation state that is our destiny. The country cannot evolve around 'Hindu, Hindi and Hindustan'.

India remains a cauldron of many nationalities, races, religions, languages and sub-cultures. The multiplicity of identity was a fact of our pre-colonial existence and will determine our post-colonial lives.

As India's democracy matures and the space for diversity and dissent increases, the unfortunate stereotypes associated with the North East are beginning to peter off slowly.

In the North East, language, ethnicity and religion will provide the roots of identity, sometimes conflicting, sometimes mutually supporting. So a larger national identity should have more to do with civilisation and multi-culturalism, tolerance and diversity, than with the base and the primordial. ■

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